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INFO RUEHFK/AMCONSUL FUKUOKA 6457  
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SUBJECT: MEDIA REACTION OIL AND GAS NATIONALIZATION -  
TOKYO

LEAD STORIES: Tuesday's business daily Nihon Keizai front-  
paged an interview with World Bank President Wolfowitz  
Monday in Tokyo, during which he called for an  
international conference on reconstruction assistance for  
Iraq.

¶1. "Market Concerned About Nationalization of Oil and Gas  
Resources in Latin America" The top-circulation, moderate  
Yomiuri editorialized (5/28): "There is a new cause for  
concern in the international oil market, which is  
currently seeing high prices, and that is the moves in  
Latin America to nationalize oil and natural gas  
resources. Japan needs to keep a close watch on how this  
will affect the international competition for resources.  
On May 1, Bolivian President Morales declared the  
nationalization of his country's oil and natural gas  
industries.... Morales's declaration was clearly spurred  
by fellow leftist Venezuelan President Chavez, who relies  
on his country's oil exports to provide backing for his  
continuing anti-American performance.... In mid-May,  
Ecuador began seizing oil fields managed by major US oil  
firms....

¶2. "In the short term, nationalization will bring a huge  
increase in revenues to nations rich in natural  
resources. Doing so is an attractive option for  
policymakers looking for an easy way to stimulate a  
sluggish economy. Nevertheless, the side effects are  
significant. In the mid- to long term, the flight of  
foreign capital and technology will stifle development  
and lower productivity.... As China has become a major  
oil consumer, its procurement of petroleum supplies is  
now one of Beijing's national strategic goals. China has  
made inroads into Venezuela, which accounts for about 60  
percent of global oil exports to the US. The Chavez

regime, which is looking to diversify its customer base, plans to triple its exports to China this year."

SCHIEFFER